

**USDA Risk Management Agency**

**Statement of Work**

**For**

**EVALUATION OF THE MAJOR CROP PLANS OF INSURANCE IN  
ARKANSAS AND MISSISSIPPI**

**RMA-PDD-06-04**

August 21, 2006

## **Table of Contents**

Section 1.0 General Information .....	3
Section 2.0 Statement of Work .....	8
Section 3.0 Government Furnished Information and Other Resources.....	13
Section 4.0 Contractor Furnished Resources .....	14
Section 5.0 Government Quality Assurance .....	14
Section 6.0 Reporting Requirements.....	15
Section 7.0 Key Personnel .....	15
Attachment 1 - Program Evaluation Handbook (FCIC 22010).....	18
Attachment 2 - Program Acceptance Component of the Diagnostic Tool Summary .....	19
Attachment 3 - Required Data for the Data Analysis and Insurance Experience Report.....	20
Attachment 4 - Required Attachments for the Program Materials Report.....	22
Attachment 5 - Board Package Specifications .....	23

## **Section 1.0 General Information**

### **1.1 Requiring Agency:**

United States Department of Agriculture (USDA), Risk Management Agency (RMA), Office of Product Management

### **1.2 Organizational Contact:**

The Contracting Officer's Technical Representative (COTR) will be identified at the time of award.

### **1.3 Contract Type Contemplated:**

Firm fixed price, except for Deliverable 7: Board Assistance (Board Package and Presentation Support), which shall be time and materials.

### **1.4 News Releases**

The Contractor shall not make any news release pertaining to this procurement without prior Government approval and then only in coordination with the Contracting Officer or COTR.

### **1.5 Scope of Authority**

The offeror is advised that the Contracting Officer is the only person who can legally obligate the Government for the expenditure of public funds in connection with this procurement, and that only the Contracting Officer or the COTR is authorized to accept or reject deliverables.

### **1.6 Non-Disclosure and Confidentiality**

Section 502(c) of the Federal Crop Insurance Act (7 U.S.C. § 1502(c)) states that no person may disclose to the public information provided by a producer under the Act unless the information has been transformed into a statistical or aggregate form in which the individual submitter is unidentifiable or the producer consents to such disclosure. The Contractor shall maintain the confidentiality of all data provided by RMA, all analyses and the results of such analyses conducted under this SOW, all programs, models, formulas, etc., all graphs, charts, and any other document or information used, created or generated through the performance of any task under the SOW. No person may view or have access to any data provided by RMA, any analyses and the results of such analyses conducted under this SOW, any programs, models, formulas, etc., any graphs, charts, and any other document or information used, created or generated through the performance of any task under the SOW unless such access is necessary to perform a task under this SOW. The Contractor shall keep all information contained in source documents or other media furnished by the Government in the strictest confidence. The Contractor also agrees not to publish or otherwise divulge such information in whole or in part in any manner or form, or to authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to such information while in the Contractor's possession, to those employees needing such information to perform the work provided herein, i.e., on a "need to know" basis, unless prior

written approval is obtained from the Contracting Officer. The Contractor shall immediately notify the Contracting Officer, in writing, in the event that the Contractor determines or has reason to suspect a breach of this requirement. The Contractor shall insert the substance of this clause in any consultant agreement or subcontract hereunder. At the completion of this contract, the Contractor shall be required to destroy or return all data or information made available by the Government that are not intended for public disclosure.

#### 1.7 Paperwork Reduction Act

For any information collection activities subject to the Paperwork Reduction Act (PRA) that may be performed under this contract, the Contractor shall comply with the PRA.

#### 1.8 Acronyms:

CSREES	Cooperative State Research, Education, and Extension Service
DAC	Deputy Administrator for Compliance
DAIS	Deputy Administrator for Insurance Services
DARD	Deputy Administrator for Research and Development
FAO	Food and Agriculture Organization of the United Nations
FCIC	Federal Crop Insurance Corporation
FSA	Farm Service Agency
MPCI	Multiple Peril Crop Insurance
NASS	National Agricultural Statistics Service
NRCS	Natural Resources Conservation Service
RMA	Risk Management Agency
RO	Regional Office of RMA
USDA	United States Department of Agriculture

#### 1.9 Definitions:

*Act* - The Federal Crop Insurance Act (7 U.S.C. 1501-1524), as amended.

*Actuarial documents* - The material for the crop year that is posted on RMA's website at the URL <http://www.rma.usda.gov>. These documents show the amounts of insurance or production guarantees, coverage levels, premium rates, insurable crop production practices, insurable acreage, and other related information regarding crop insurance for a crop in a county.

*Acceptable data source* - Publications and data of the RMA, CSREES, NASS, other agencies of the USDA; marketing and promotion organizations supported by public funds or a check-off system; State Departments of Agriculture; any grower organization or association whose membership represents 15 percent of growers in the area the organization or association serves, any generally recognized authoritative or professional journal or magazine, or any other source approved by RMA, schools of higher education; international agencies such as FAO or the World Bank; growers' organizations or associations whose membership is representative of growers in one or more areas; and farm level data subject to review by qualified crop insurance experts. In addition, the term includes any generally recognized authoritative or professional journal or magazine, or any other source approved in writing by RMA.

*Appendix III (Data Acceptance System Handbook)* – An appendix of the 2005 Standard Reinsurance Agreement (SRA) that provides instructions and information for reporting reinsured company data to the Risk Management Agency/Federal Crop Insurance Corporation. Also known as the M-13 Handbook.

*Board* - The Board of Directors of Federal Crop Insurance Corporation.

*Actuarially Sound* - A situation in which the premium rates charged to insured persons are sufficient to cover the present value of expected future losses and to build a reasonable amount of reserve.

*Code of Federal Regulations (CFR)* - Proposed and final regulations published in the Federal Register also are considered to be part of the CFR.

*Crop Insurance Handbook (CIH)* - A document denoted by RMA as the Crop Insurance Handbook in effect at the time the Program Evaluation is performed. See the URL <http://www.rma.usda.gov>

*Catastrophic Risk Protection Coverage (CAT)* - The minimum level of coverage offered by FCIC for the program that is required before the insured may qualify for certain other USDA program benefits unless the insured executes a waiver of any eligibility for emergency crop loss assistance in connection with the crop.

*Cost-benefit analysis* - A process whereby the expected monetary and non-monetary public and private outlays of a proposed action are compared to the expected monetary and non-monetary returns to beneficiaries. This is accomplished by an examination of available raw data and data assumptions, by developing model premises and description, and by estimating the model's results and projecting those results to actual circumstances. A cost-benefit analysis recognizes the principles set forth in the document "Economic Analysis of Federal Regulations under Executive Order 12866" as set forth at the URL <http://www.whitehouse.gov/omb/inforeg/riaguide.html>.

*Contracting Office's Technical Representative (COTR)* - an employee of RMA who assists the Contracting Officer with technical administration of the contract.

*Crop* - An agricultural commodity insured under the authority of the Act that has been assigned to a contractor to perform a Program Evaluation.

*Crop insurance procedures* - Methods approved by RMA to administer approved crop programs. The term includes the Underwriting Guides, the CIH, the LASH, Manager's and R&D Bulletins, or other documents that may be issued by RMA that are applicable to the crop undergoing Program Evaluation. See the URL <http://www.rma.usda.gov>

*Crop policy* - The legal documents which establish a contract between the insured person and the insurance provider, including but not limited to the Common Crop Insurance Policy, the Basic Provisions, and the Crop Provisions, as published in the CFR or by RMA on its website; and the Special Provisions, as applicable, and the actuarial documents.

*Crop program* - The insurance plan or plans whereby the insurable interests of a producer of a crop are protected.

*Earned Premium Rate (EPR)* - The ratio of total premium divided by total liability.

*Federal Crop Insurance Corporation (FCIC)* - A corporation chartered by the U.S. Government and administered by the Risk Management Agency of the United States Department of Agriculture (USDA).

*Farm Service Agency (FSA)* - An agency of the United States Department of Agriculture, or a successor agency.

*Generally Recognized* - When agricultural experts or the organic agricultural industry, as applicable, are aware of the production method or practice and there is no genuine dispute regarding whether the production method or practice allows the crop to make normal progress toward maturity and produce at least the yield used to determine the production guarantee or amount of insurance.

*Government* - The Contracting Officer or his duly authorized representative (COR or COTR).

*Indemnity* - The amount of money that the approved insurance provider owes the insured based on the determination of loss.

*Independent Actuary and Independent Researcher* - Party (ies) not affiliated with or not having any interest in the day-to-day business operations of the contractor.

*Insurance Experience* - Tables that contain the number of policies earning premium, policies indemnified, units earning premium, units indemnified, net insured acres, liability, total premium, producer premium, subsidy, indemnity, loss ratio, earned premium ratio, and loss cost ratio.

*Insurance Providers* - Private insurance companies reinsured by FCIC.

*Interview* - A personal discussion with an interested party by a member of the review team. The purpose is to permit the interviewee to volunteer observations about the crop program.

*Loss Adjustment Standards Handbook (LASH)* - Provides the general standards with respect to claims for indemnity in addition to any Handbook issued by RMA that provides specific guidance for adjusting losses for the crop under review.

*Liability* - The total amount that the insurance provider would pay to the insured if there was a total loss.

*Limited Resource Farmer* - A producer or operator of a farm with: (a) direct or indirect gross farm sales of not more than \$100,000 in each of the previous two years (beginning fiscal year 2004, this is adjusted for inflation using Prices Paid by Farmer Index as compiled by NASS); and (b) a total household income at or below the national poverty level for a family of four, or

less than 50 percent of county median household income in each of the previous two years (to be determined annually using Commerce Dept. data) .

*Listening Session* - Any meeting with agricultural producers, reinsured company personnel, agents and loss adjusters, or other interested parties wherein the participants are free to discuss any issue they deem relevant to the crop program under review.

*Loss Cost Ratio (LCR)* - The ratio of total indemnity divided by total liability.

*Loss Ratio (LR)* - The ratio of total indemnity divided by total premium.

*Manager's Bulletin* - A document issued by RMA's Administrator to convey information that supplements the crop insurance procedures. See the URL <http://www.rma.usda.gov>

*Plan of Insurance* - A general structure of insurance that may be extended to one or more crops (e.g., actual production history and revenue coverage).

*Policy* - An insurance policy or plan of insurance (including endorsements or options), including those approved under sections 508, 522, or 523 of the Act, and that is reinsured by FCIC. Also see *Crop Policy*.

*Policy review procedure* - An in-depth, detailed process to identify any problem areas or issues; to make recommendations to limit waste, fraud, and abuse; to assure actuarial soundness; and to determine acceptability of the crop programs to producers, insurance providers, the Government, and other interested parties.

*Producer premium* - The amount of premium paid by the insured.

*Program materials* - Basic Provisions, Catastrophic Risk Protection Endorsement, crop provisions, Special Provisions of Insurance, loss adjustment handbook, loss adjustment manual, all applicable actuarial documents, Appendix III, Crop Insurance Handbook, underwriting requirements, and other forms necessary to deliver the program.

*Program* – Plans of insurance in Arkansas and Mississippi

*Risk Management Agency (RMA)* - An agency within USDA that is responsible for administering the Federal Crop Insurance Program.

*Quantify* - Assigning measurable impacts to an action. In the context of this Handbook, the term means that a recommendation or determination shall be accompanied by a cost-benefit analysis. Quantified recommendations or determinations shall be complete with all raw input data and models, and shall show a bottom line with the overall projected cost of the recommendation or determination and the accompanying benefits with respect to affected growers, RMA, the Multi-Peril Crop Insurance (MPCI) private sector delivery system, other USDA agencies, taxpayers, and other interested parties where appropriate. The overall cost and benefit must be placed in the context of overall TO requirements.

*R & D Bulletin* - A document issued by DARD to convey information that supplements the

crop insurance procedures. See the URL <http://www.rma.usda.gov>

*Special Provisions of Insurance* – The part of the policy (contained in the county actuarial documents) that contains specific provisions of insurance for each insured crop that may vary by county; e.g., planting dates, rotational requirement, exclusions to the policy, etc.

*Standard Reinsurance Agreement* - A cooperative financial assistance agreement between FCIC and approved insurance providers that establishes the terms and conditions for subsidy and reinsurance on eligible Federal crop insurance contracts by authority of the Act and promulgated regulations codified in 7 C.F.R. Chapter IV.

*Subsidy* - The amount of total premium paid by the FCIC on behalf of the insured.

*Supportability* - Recommendations that are logical, consistent with data collected and assumptions made, sufficiently detailed to justify conclusions, and based upon relevant and complete database(s). Data, data sources, data assumptions, methodologies, findings, determinations, and recommendations are properly cited.

*Systemic* - With respect to deficiencies, weaknesses, or problems means a condition which is basic to the crop program and is experienced by the whole of it and not just particular areas of the country or other localized situations.

*Total premium* - The total amount of premium for an insured's coverage that is determined by multiplying liability by the unsubsidized premium rate.

## **Section 2.0 Statement of Work**

### **2.1 Contract Objectives:**

To identify causes of low participation and potential product design problems, and to obtain recommendations for program improvements, for the Federally reinsured plans of insurance in the states of Arkansas and Mississippi for the major crops of corn, cotton, grain sorghum, rice, soybeans and wheat.

### **2.2 Scope and Type of Work**

This contract will involve submitting reports and oral presentations on the results of a comprehensive analysis and evaluation of the listed programs. In general, the work will involve critical thinking and innovative problem solving techniques; compiling and analyzing results of research; data collection and review, and data analysis; categorizing, analyzing, and summarizing verbal information; report writing, and presenting the findings orally; and project planning, scheduling and quality control. More specifically, the program evaluations will involve evaluating the applicable insurance program materials; obtaining grower and insurance provider feedback; tendering reports that document the contractor's evaluation of the program and its recommendations, and delivering oral presentations to RMA and the FCIC Board of Directors.



## 2.3 Background

In 2004, the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) contracted with the firm of *Global AgRisk* for an analysis of the crop insurance portfolio. The overall objectives of the analysis were:

- To obtain the optimal risk transfer given the resource and institutional constraints that exist for administering Federal risk management programs for producers.
- To explain the causes of low participation in existing RMA products.
- To develop a systematic protocol for evaluating problems with existing products for resource allocation decisions that will improve the aggregate risk transfer of the portfolio of RMA product offerings.

*Global AgRisk* presented a systematic approach for identifying and diagnosing participation gaps. The protocol presented consists of four steps:

1. A method for identifying state and/or crop combinations with low market participation.
2. A diagnostic instrument consisting of 70 questions.
3. A single graphical evaluation score sheet to summarize and illustrate overall scores for the eight diagnostic categories.
4. A decision tree to suggest a logical response based on the overall scores assigned to each of the eight diagnostic categories.

In response to the portfolio analysis, RMA developed a Program Evaluation Handbook, FCIC-22010 (*SOW Attachment 1*) to provide a framework for comprehensive assessments of insurance programs operated by FCIC, both permanent (regulatory) and pilot. The framework provides guidance for program evaluations. Section 508(a)(7)(B) of the Federal Crop Insurance Act (Act) requires the FCIC Board of Directors to determine whether each State is being adequately served by the policies and plans of insurance offered by FCIC. The Act also requests that FCIC provide recommendations for increasing participation in States determined to be not adequately served. A program evaluation is performed to ensure that relevant provisions of the Act are met as effectively and efficiently as possible while providing risk management tools that meet the needs of agricultural producers. Program evaluations examine the past and present performance of a crop program to determine if that performance can be improved and if there are program vulnerabilities and weaknesses. The outcome of a program evaluation may result in recommendations to revise any regulation, manual, handbook, guide, directive, or actuarial structure to address any identified conflicts, ambiguities, inconsistencies, gaps, duplications, or other problems. A sound program is a program with documents that are clear, consistent, in accordance with the applicable law and regulations, understandable, predictable, and enforceable; that reduce the potential for fraud, waste, and abuse; and, that reduce risk of litigation.

Specifically, a program evaluation determines if:

1. There are problem areas or issues with the plan of insurance and to identify discrepancies between the policy provisions, procedures, and current practices and technology in the industry;
2. There are policy vulnerabilities and weaknesses;

3. The crop program is actuarially sound and to make recommendations that assure benefits to producers while achieving actuarial soundness;
4. There are possible conflicts in program dates for the crop, type, practices, and areas insured;
5. There are possible conflicts between the underwriting standards and the underwriting handbook for the particular crop;
6. Loss adjustment standards are logical, non-ambiguous, and equitable for producers, approved insurance providers (AIP), and the Risk Management Agency (RMA);
7. Rates and the rating methodology are adequate for the crop, type and practices for the insured area;
8. Prices and the pricing methodology are adequate for the crop, type and practices for the insured area;
9. Is the information collected from AIPs accurate and sufficient to identify trends or problems in the insurance program;
10. There is acceptability of the crop program to producers, AIPs, RMA, and other interested parties;
11. AIP's marketing plans exist for the crop and a sufficient number of agents and loss adjusters have been trained to effectively deliver the program;
12. The program is being delivered efficiently and does not impose unwarranted burdens and costs on producers, AIPs, and RMA; and
13. Appropriate program modifications are available to address problem areas and that any proposed recommendations equitably impact producers, AIPs and RMA.

The Arkansas and Mississippi plans of insurance were selected for evaluation under the present solicitation because RMA considers these states to be inadequately served. This is based on the previous research conducted by *Global AgRisk* and by RMA, which identified Arkansas and Mississippi as two of several states experiencing low rates of participation overall.

There are many potential causes of low participation. Some crops exhibit very little revenue risk. Even if crops exhibit significant revenue risk, they may be produced as part of a diversified portfolio of crops, livestock, and/or off-farm income. Producers with highly diversified portfolios may not be interested in purchasing crop insurance for specific crops because the revenue risk of the overall portfolio is quite low. Many producers also manage risk using production and/or marketing practices such as irrigation or forward contracting. Of course, it is also possible that the existing Federal crop insurance product suffers from product design problems or does not cover the perils of most concern to producers.

## 2.4 Specific Tasks and Deliverables

### **Deliverable 1: Data Analysis & Insurance Experience Report** (in accordance with Attach. 1 & 3)

<u>FCIC Handbook Components:</u>	<u>Handbook Pages:</u>
A. Initial Data Collection	13-14
B. Industry Research	14
C. Insurance Experience	15-16
D. Plans of Insurance	21
E. Unpublished RMA Data	23-24

---

### **Deliverable 2: Program Materials Report & Oral Presentation** (in accordance with Attach.1 & 4)

<u>FCIC Handbook Components:</u>	<u>Handbook Pages:</u>
A. Policy Content and Structure	17-18
B. Loss Adjustment Standards	18
C. Underwriting Standards	18-19
D. Data Acceptance System Requirements (Appendix III)	21-22

*Place of Performance for Oral Presentation: Kansas City, MO*

---

### **Deliverable 3: Rating & Pricing Analysis & Oral Presentation** (in accordance with Attachment 1)

<u>FCIC Handbook Components:</u>	<u>Handbook Pages:</u>
A. Rating Sufficiency & Analysis	19-20
B. Pricing Analysis	20

*Place of Performance for Oral Presentation: Kansas City, MO*

---

### **Deliverable 4: Diagnostic Tool Summary** (in accordance with Attachments 1 & 2)

<u>FCIC Handbook Components:</u>	<u>Handbook Pages:</u>
A. Program Acceptance	22-23
B. Program Evaluation (Diagnostic) Tool	23 & 31-62

---

### **Deliverables 5 And 6: Draft and Final Program Evaluation Summary Reports & Oral Presentation**

The Contractor shall submit draft and final Program Evaluation Summary Reports documenting its evaluation, conclusions and recommendations for the program(s) under review and applicable program materials. The Program Evaluation Summary Report will address and incorporate all material comments or changes identified in response to the preceding *Program Evaluation Oral*

*Presentation.* The Final Program Evaluation Summary Report shall be written in accordance with the standards set forth in the U.S. Government Printing Office Style Manual, (U.S. Government Style Manual (2000), 29th Edition). The Style Manual can be located at <http://www.gpoaccess.gov/stylemanual/browse.html>.

The scope of the data described in this SOW is too great for inclusion in a printed copy of the report. The Contractor shall summarize the data in order to report those aspects of it that are most salient to the analysis. Maps, graphs, and other techniques that effectively consolidate the information and highlight the meaning will be necessary in the body of the report. A complete dataset utilized for the analysis must be archived using a CD-ROM.

The content of the Program Evaluation Summary Report shall address the elements specified in Section 7, Final Evaluation Report Content, of the Handbook (*SOW Attachment 1*), as well as:

1. **Recommendations**, in accordance with Section 5, Pages 24-25, of the Handbook
2. **Impact Analysis**, in accordance with Section 6, Page 25, of the Handbook
3. **Appendices:** the Program Evaluation Summary Report shall contain the individual component reports (prior deliverables) as appendices.

*Place of Performance for Oral Presentation: Kansas City, MO*

---

#### **Deliverable 7: Board Assistance (Board Package and Presentation Support)**

In accordance with Attachment 5

*Place of Performance for Oral Presentation: Washington, DC*

---

## 2.5 Period of Performance

The Period of Performance for this requirement shall not exceed 1 (one) year from date of award. Offerors are encouraged to propose a schedule with a time frame of less than 1 (one) year. Proposed schedules will be evaluated as part of the Government's technical quotation evaluation.

### **Deliverable:**

### **Completion Period/Submission Due Date:**

1	DATA ANALYSIS AND INSURANCE EXPERIENCE REPORT	<i>[To be proposed by Offeror]</i>
2a.	PROGRAM MATERIALS ORAL PRESENTATION	...
2.	PROGRAM MATERIALS REPORT	...
3a.	RATING AND PRICING ANALYSIS ORAL PRESENTATION	...
3.	RATING AND PRICING ANALYSIS REPORT	...
4.	DIAGNOSTIC TOOL REPORT	...
5a.	DRAFT PROGRAM EVALUATION ORAL PRESENTATION	...
5.	DRAFT PROGRAM EVALUATION REPORT	...
6.	FINAL PROGRAM EVALUATION REPORT	...
7.	BOARD PACKAGE AND PRESENTATION	...

## **Section 3.0 Government Furnished Information and Other Resources**

3.1 The Contractor may access RMA's public website for information pertaining to existing crop policies, actuarial documents, underwriting procedures, loss adjustment procedures, reporting requirements (including acreage reporting requirements), and Summary of Business data. The Contractor may access other RMA website addresses pertinent to this contract. Following is a list of internet sites that the Contractor may reference for this contract. The list is not intended to be all-inclusive. RMA's main website is <http://www.rma.usda.gov>.

Risk Management Agencies Regional Office State Directory:

<http://www.rma.usda.gov/aboutrma/fields/>

Risk Management Agencies, Agent Locator/Insurance Providers Listing:

<http://www3.rma.usda.gov/tools/agents/>.

Basic Provisions and Catastrophic Risk Protection Endorsement:

<http://www.rma.usda.gov/policies/2004policy.html>

The Federal Crop Insurance Act:

<http://www.rma.usda.gov/aboutrma/>

Summary of Business:

<http://www.rma.usda.gov/data/>

Appendix III:

<http://www.rma.usda.gov/pubs/ra/#05sra>

Handbooks:

<http://www.rma.usda.gov/data/directives.html>

- 3.2 Government Furnished Data: The Government will furnish detailed electronic data sets specifically requested by the contractor and in accordance with Appendix III/Manual 13, and any available background data on the development of the programs, as well as data mining reports which show producer-level experience data (if available).
- 3.3 Government Furnished Facilities: Conference space for presentations to RMA or FCIC.

#### **Section 4.0 Contractor Furnished Resources**

Contractor Furnished Items: The Contractor shall provide all materials required to perform the contract in a form suitable and supported by RMA (Microsoft applications or SAS), except as discussed in Section 3.0. The contractor may wish to contact RMA to get a list of supported applications.

#### **Section 5.0 Government Quality Assurance**

1. Inspection of Deliverables by the Government: The Contracting Officer or Contracting Officer's Technical Representative (COTR) will inspect each deliverable and provide written results of its deliverable review (inspection) to the Contractor within 30 calendar days of receipt by the Government. At the Government's discretion, comments specifying improvements needed or minor deficiencies noted may be provided to the Contractor, along with an acceptance of the deliverable, in which case the Contractor may be required to document the corrections or improvements that were taken in the subsequent Program Evaluation Report. However, major deficiencies in a deliverable may result in its rejection, to include the failure of a resubmission to address the improvements or deficiencies submitted by the COTR regarding the prior version of the deliverable. In the case of a rejection, specifics will be provided to the Contractor as to the reasons for the rejection, as well as a deadline for re-performance (correcting deficiencies and resubmitting the deliverable). There shall be no constructive or inferred acceptance of any deliverable if the Government fails to meet the review deadline; however, in such cases an equitable adjustment to the delivery schedule may be granted. A deliverable that does not fully satisfy a requirement could also be subject to acceptance with a penalty, e.g., an equitable price reduction for the deliverable or other consideration deemed appropriate by the Contracting Officer.
2. The Government also reserves the right to monitor the Contractor's performance in accordance with its proper authority and contractual rights. Authorized Government personnel may visit the appropriate work area of the Contractor and may either observe the Contractor performing the tasks or review documentation, as appropriate. Monitoring may also include analysis of the key personnel hours expended as reported in the monthly reports submitted in accordance with Section 6.0. If key personnel hours show significant deviation below projected hours as detailed in the Offeror's proposal, it could trigger an on-site inspection or other compliance actions. The COTR may also conduct evaluations to check compliance with the Contractor's approved quality control plan.

## **Section 6.0 Reporting Requirements**

The Contractor shall deliver progress reports by the 15th of each month that address progress on the contract work requirements, as they occur. The reports shall also include trip descriptions and significant meetings held or attended in performance of this contract. The progress reports shall be sufficiently detailed to allow the COTR to determine that the work efforts and level of progress are satisfactory. For example, the reports shall display activities performed by key personnel, by phase and task. This is for quality assurance purposes, not necessarily for invoice payment or cost tracking purposes. Progress reports shall also include a copy of the current project plan.

## **Section 7.0 Key Personnel**

- 1) In order to avoid an organizational conflict of interest and ensure an objective and unbiased evaluation, anyone who is presently involved with loss adjustment or sales of the FCIC crop insurance programs related to this contract or receives any funding or other benefits from insurance providers who currently conduct crop loss adjustment and sales of this program shall not be eligible to participate in the activities of this contract as a prime contractor or subcontractor.
- 2) The Contractor agrees to assign to the contract those key persons whose resumes were submitted as required to fill the requirements of the contract. No substitution or addition of personnel will be made except in accordance with this clause.
- 3) The Contractor agrees that during the contract period, no personnel substitutions will be permitted, unless such substitutions are necessitated by an individual's sudden illness, death, or termination of employment. In any of these events, the Contractor must promptly notify the Contracting Officer and COTR and provide the information required by paragraph (4) below.
- 4) If key personnel, for whatever reason, become unavailable for work under this contract for a continuous period exceeding thirty (30) working days, or are expected to devote substantially less effort to the work than indicated in its Quote, the Contractor must propose a substitution of such personnel, in accordance with paragraph (5) below.
- 5) All proposed key personnel substitutions must be submitted, in writing, to the Contracting Officer and COTR at least fifteen (15) calendar days prior to the proposed substitution. Each request must provide a detailed explanation of the circumstances necessitating the proposed substitution, a complete resume for the proposed substitute and any other information required by the Contracting Officer to approve or disapprove the proposed substitution(s). Resumes for key personnel substitutions must be submitted in Contractor format. All proposed substitutes (no matter when they are proposed during the performance period) must have qualifications that are equal to or higher than the qualifications of the person being replaced and must not be in conflict with (1) above.
- 6) In the event the Contractor designates additional key personnel as deemed appropriate for the requirements, the Contractor must submit to the Contracting Officer for approval the information required in paragraph (5) above.
- 7) The Contracting Officer will evaluate requests for substitution and addition of personnel and

promptly notify the Contractor, in writing, whether a request is approved or disapproved.

If the Contracting Officer determines that suitable and timely replacement of key personnel who have been reassigned, terminated or have otherwise become unavailable to perform under the contract is not reasonably forthcoming, or that a resultant reduction of productive effort would impair the successful completion of the contract, the contract may be terminated by the Contracting Officer for default or for the convenience of the Government, as appropriate. Alternatively and at his discretion, if the Contracting Officer finds the Contractor to be at fault for the condition, he may equitably adjust (downward) the contract price to compensate the Government for any delay, loss, or damage as a result of the Contractor's action



## **Attachments**

1. Program Evaluation Handbook (FCIC 22010)
2. Program Acceptance Component of the Diagnostic Tool Summary
3. Required Data for the Data Analysis and Insurance Experience Report
4. Required Attachments for the Program Materials Report
5. Board Package Specifications

## **Attachment 1 - Program Evaluation Handbook (FCIC 22010)**

Use the following hyperlink to access FCIC 22010:

[http://www.rma.usda.gov/FTP/Publications/directives/22000/06\\_22010.pdf](http://www.rma.usda.gov/FTP/Publications/directives/22000/06_22010.pdf)

## **Attachment 2 - Program Acceptance Component of the Diagnostic Tool Summary (for Del. 4)**

- 1.0 Required contact feedback information:
- 1.1 The state, county, location, and date of each contact, list of attendees, and narrative summary of feedback obtained.
- 1.2 The methodology used (how the contacts were notified, the setting and the location of the contact, number of contacts, how limited resource farmers were identified in each area, how limited resource farmers were contacted, methods and sources used to contact required contacts);
- 1.3 Data sources used (lists of required contacts and others who provided feedback on the program, including names, addresses, location and date of the contact).
- 1.4 Any difficulties encountered in obtaining feedback on the program from the required contacts.
- 1.5 Categorize the feedback by subject as shown below, by county, by date and method of the contact, by source (e.g., producer, grower association, university personnel, marketing groups, RMA, etc.), the number of sources providing the feedback, and the comment. (If no comments were collected on a topic, so state.)
  - 1.5.1 Do producers have knowledge of the program;
  - 1.5.2 Why producers elected or did not elect to use the program to meet their risk management needs;
  - 1.5.3 Did the program meet the growers' risk management needs;
  - 1.5.4 How the program affected the growers;
  - 1.5.5 What effect did the program have on the market;
  - 1.5.6 Other concerns or issues with the program;
  - 1.5.7 Impact of program requirements on existing marketing, buyer purchasing methods; and claim settlement practices;
  - 1.5.8 Understanding of the policy terms or conditions;
  - 1.5.9 Understanding of the loss notification requirements and indemnity calculations;
  - 1.5.10 Understanding of the underwriting guidelines;
  - 1.5.11 Understanding of the actuarial documents;
  - 1.5.12 Understanding of rate calculations;
  - 1.5.13 Understanding of the calculations to determine the amounts of insurance;
  - 1.5.14 Understanding of data reporting requirements as detailed by Appendix III of the Standard Reinsurance Agreement;
  - 1.5.15 Understanding of the implications of Waste, Fraud, or Abuse of the program;
  - 1.5.16 Understanding of the Approved Insurance Providers responsibilities;
  - 1.5.17 Understanding of forms completions and timelines of reporting information; and
  - 1.5.18 Any other issues identified that do not fall into the previous categories.

### **Attachment 3 - Required Data for the Data Analysis and Insurance Experience Report (for Del. 1)**

Data shall be summed at the end of each section, with loss ratio, loss cost ratio, and earned premium ratio recomputed using the summed values, as applicable.

#### **1.0 Table of Insurance Experience for the programs.**

Summary of all years of the program:

- 1.1 By crop year;
- 1.2 By crop year, by county;
- 1.3 By coverage type: buy-up compared to Catastrophic coverage (CAT);
- 1.4 By crop year, by coverage type: buy-up compared to Catastrophic coverage (CAT);
- 1.5 By crop year, by county, by coverage type: buy-up compared to Catastrophic coverage (CAT);
- 1.6 By coverage level percentage;
- 1.7 By crop year, by coverage level percentage;
- 1.8 By crop year, by county, by coverage level percentage;
- 1.9 By reporting organization;
- 1.10 By crop year, by reporting organization;
- 1.11 By crop year, by county, by reporting organization;

#### **2.0 Table of Indemnity and Indemnified Acres for the programs.**

Summary table of indemnity and indemnified acres of all years of the program:

- 2.1 By cause of loss;
- 2.2 By crop year, by cause of loss;
- 2.3 By crop year, by county, by cause of loss;
- 2.4 By option code (if applicable);
- 2.5 By crop year, by option code (if applicable);
- 2.6 By crop year, by county, by option code (if applicable).
- 2.7 By crop year, by state, by county, by cause of loss, by policy count, by liability, by risk premium, by producer premium, by subsidy, by indemnity, by loss cost ratio, by earned premium, by loss ratio.

#### **3.0 Participation rates (in percentages) (insured acreage divided by planted acreage) for the programs, if applicable. Note: If planted acreage data is not available, use harvested acreage. Sources used and research completed to obtain this data shall be included in the report.**

Summary of participation rates for the program:

- 3.1 By crop year;
- 3.2 By county, by crop year;
- 3.3 By policy option (if applicable);
- 3.4 By crop year, by policy option (if applicable);
- 3.5 By crop year, by county, by policy option (if applicable).

### **Attachment 3 (continued)**

**4.0 The following data sets should be provided in electronic format only. Data sets under 4.1, 4.2, and 4.3, categorized in the following order, if applicable.**

- 4.1 By policy option (if applicable), by crop year;
- 4.2 By county, by crop year; and
- 4.3 By county, by policy option (if applicable), by crop year.

**5.0 Analysis of Cause of Loss Information.**

- 5.1 Provide an analysis and summary of the causes of loss by year, by state, by county, by type, by practice, by primary cause of loss, by secondary cause of loss, by policy count.
- 5.2 Provide an analysis and summary of the causes of loss by year, by state, by county, by type, by practice, by coverage level, by primary cause of loss, by secondary cause of loss, by policy count.
- 5.3 Provide a table summarizing liability, risk premium, producer premium, subsidy and indemnity by crop year, by state, by county, by primary cause of loss, by coverage level.
- 5.4 Provide a table summarizing loss cost ratio, earned premium rate, and loss ratio by type, by practice, by crop year, by cause of loss.
- 5.5 Provide a table summarizing loss cost ratio, earned premium rate, and loss ratio by type, by practice, by crop year, by cause of loss, by state, by county, by coverage level.
- 5.6 Provide an analysis and summary of the causes of loss by primary, secondary, and subsequent percentage loss by type, by crop year, by cause of loss, by policy count.
- 5.7 Provide an analysis and summary of the causes of loss by type, by crop year, by primary, secondary, and subsequent percentage loss, by state, by county, by coverage level, by policy count.

#### **Attachment 4 - Required Attachments for the Program Materials Report (for Del. 2)**

1. Applicable Crop Insurance Provisions, Basic Provisions, and CAT Endorsement.
2. Program Materials cited or used in the report.
3. Other materials cited or used in the report.

## **Attachment 5 - Board Package Specifications (for Del. 7)**

### **Board Package and Oral Presentation (Time and Materials):**

In accordance with the requirements in this Attachment 5, the Contractor shall submit a Board Package on the program evaluation to the Federal Crop Insurance Corporation Board of Directors (Board), and present the findings orally at the Board meeting, which will include responding to questions from the Board during the meeting. General Administrative Regulations-Subpart V – Submission of Policies, Provisions of Policies, Rates of Premium and Premium Reduction Plans provide guidance on the content and format for submissions to the Board.

#### **1.0 Contents**

- 1.1 Program Evaluation and results.**
- 1.2 Revised program materials language and documents.**

#### **2.0 Format**

- 2.1 The Contractor shall request the latest Board Package format from the COTR.**
- 2.2 The Contractor shall submit two (2) electronic copies and twenty (20) hardcopy copies of the oral presentation to the COTR at least one week prior to oral presentation.**
- 2.3 The Contractor shall submit twenty (20) electronic copies and twenty (20) hardcopy copies of the Board Package to the COTR by the date specified by the COTR.**
- 2.4 The format of the report and presentation materials shall be in a format supported by RMA such as Microsoft Office (Word, Excel, and PowerPoint) or SAS format, as appropriate.**

#### **3.0 Logistics**

- 3.1 The location of the Board presentation is the location at which the Board is meeting when the program evaluation package is scheduled on the Board agenda.**
- 3.2 The length of Board Presentation will be no more than 20 minutes with additional time allowed for questions.**